

WHAT'S IT ALL ABOUT*

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What's it all about? It's about our competitive capitalistic economy and how cooperatives fit into our economic system. It's about the people who are going to chart the future course of cooperatives. It's about cooperatives and you.

I have felt for some time that there was a need for an opportunity for those young persons like yourself interested in cooperatives as a career, to come together to exchange ideas and to get to know each other. Five years ago, I sold the idea to the AIC and the Graduate and Collegiate Conference was the result. With the large number of Ohio people on the Graduate and Collegiate Conference, it seemed only natural to use them for a similar program in Ohio.

Cooperatives are employing many outstanding persons. Only a few of these cooperative leaders of tomorrow have had the opportunity for academic training on the subject of cooperatives. There is a need for you future cooperative leaders to know each other and to have an understanding of other cooperatives, cooperative principles, taxation, finance, laws and regulations.

This is the second conference of this nature held. This conference is a major effort to train a cadre of leaders who can return to their

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cooperatives and prepare others to more effectively operate cooperatives as tools of modern agriculture.

For many years the teaching of cooperative members, cooperative employees, and the public about cooperatives, what they are, how they can operate, and what they can and cannot do has been neglected. Too often, new employees of cooperatives like you have been given little or no instruction about cooperatives as a unique way of doing business in our competitive economy and often these employees because of their academic training based on investor-oriented business do not know the unique characteristics of cooperatives and have attempted to direct and operate a cooperative the same as an investor-oriented business. Many of these well-meaning but misdirected efforts have resulted in disaster to the individual and the cooperative and thus the unfavorable press and unfavorable attitude toward cooperatives by employees of IRS, SCS, Justice, etc. Yes cooperatives must be operated with many of the same management and business principles as other types of businesses but within the unique characteristics of cooperatives. Cooperatives are people, and people are different. There are some similarities between cooperative organizational structure and practices of like cooperatives in such broad classifications as bargaining, farm supply, credit, Rural Electric, savings and loan, marketing, etc., but there are greater differences as to how each classification of cooperatives meets the three basic principles of cooperation: (1) Operations at cost, (2) Democratic control, and (3) Limited return on capital.¹

Some of you have had extensive academic training in cooperatives. Others of you may not have any academic exposure and little formal education

¹Farmers Cooperative Service, Bulletin No. 1, Washington, D.C., Page 6.

about cooperatives. Some of you may have had considerable experience in working for a cooperative. If I were to ask each of you to write how your cooperative or a cooperative you are familiar with meets the three basic principles of cooperatives, what would you write? I'm certain that if we were to compile your reports, we would have a wide range of methods all of which would come under the three basic principles of cooperation. For example, just exactly how does your cooperative operate at cost? Does it pay or allocate a cash patronage refund? If your co-op pays a patronage refund, does it pay it to members only or does it also pay it to non-members? Or does it just reduce the cost of insurance, power or lower interest costs to absorb the savings? Does your co-op give its profit or savings to the University for research, scholarships, use it to finance social reform, to finance urban cooperatives, or use it to cure the popular disease called "social responsibility." Or does your co-op pay taxes on its profits and keep what's left? What is a capital credit, a letter of advice, a certificate of indebtedness, etc?

I have always been impressed with how cooperative leaders differ in their philosophy and viewpoints about cooperatives from one geographical area to another across our United States. In Ohio, federated cooperatives are most popular. Some of you are from a centralized cooperative. Also of interest to me are some of the basic philosophies of national cooperative educational organizations. For example, two years ago we prepared a set of teaching materials on cooperatives for use in secondary schools.² One cooperative educational organization's representative was disturbed that we

²Cooperation in a Free Enterprise Society With Emphasis on the Cooperative Way of Doing Business, AGDEX 836, Units I through X, the Ohio Agricultural Education Curriculum Materials Service, The Ohio State University.

presented agricultural cooperatives as a part of our competitive capitalistic free enterprise system. This cooperative educational organization that receives more than half its support from Ohio-based firms, felt very strongly that cooperatives in the United States are a separate economic system and not part of our competitive capitalistic system. Which is it? Which is it to you?

To some cooperative decision makers this is too big a problem. So in place of holding in depth cooperative educational sessions that explore what cooperatives are, how they differ, how they operate, their limitations and opportunities, they bring in experts to talk on current social and economic topics and neglect the tough basic issues of cooperatives. Some of my students become disturbed because I require them to read papers on cooperatives by persons with divergent points of view. Students want to know which or who is right. I say to them as I say to you, listen, read, think, ask questions and develop your own viewpoints.

You must establish your own viewpoints about cooperatives. You must research and study to select your own set of cooperative principles that meet your situation.

I believe that you, as a business leader, must understand each of the types of business firms that carries out the activities of our private enterprise system--the individual proprietor, the partnership, the investor-oriented corporation, and the cooperative corporation. I find that many college seniors who enroll in my course have had no academic training as to the types of businesses that make our economic system work, and those that have taken courses that explored the characteristics of business firms have had a limited exposure to cooperatives.

Cooperatives are a unique form of business that operates in our competitive private enterprise system. Cooperatives are people. Cooperatives have historically played an important role in making new technology available to farmers such as artificial insemination, electricity, credit, balanced feed rations, etc. You will determine the role they play in the future.

No cooperative employee or cooperative leader of the past ever had opportunities of the same magnitude that each of you in this room have today. Cooperative ventures that were only dreams of those who have gone before you are successful operations today--they are the launching pads for you and the co-op of your choice to blast off from into the future. You have the responsibility to chart the course necessary for today's cooperatives to meet tomorrow's needs. On occasion a student says after reading the history of cooperatives, "Oh to have lived back in the '20's or '30's and had the opportunity to help build the Farm Credit System, the REC's, mutual insurance companies, or marketing and supply cooperatives." My answer to such a statement is, "If you can't see the opportunities that are around you today, chances are you wouldn't have seen them if you had been living fifty years ago."

Cooperatives are to me a most exciting field of study. Cooperatives are dynamic. There is not a week that I do not discover something new and different about one or more of our cooperatives. Since there is no one way of organizing and operating a cooperative or a single way to meet the three basic principles of cooperation, each of the new approaches I discover are usually appropriate for the cooperative and the people involved. It is a challenge for me to know and understand the practices of the cooperatives I work with.

So one of the goals of this session is to assist you in broadening your knowledge and understanding of cooperative principles, laws and regulations, finance and taxation that affects cooperatives that operate in our competitive economy.

A second goal is for you to get to know each other--to get to know those who have a position and problems like yours in another cooperative. To meet outstanding cooperative leaders. So here, in a couple of days you are together with others who are pursuing similar employment pursuits.

You will receive from this conference returns in proportion to what you are willing to put into it. I trust the speakers in this conference will challenge your thinking and respond to your questions. I charge you to raise questions, to challenge the speakers thinking and to increase your knowledge and understanding of cooperatives. I hope you get to know each other. Past graduates of this conference have reported that the new acquaintances they made here have been most helpful to them as they continued to exchange ideas.

For those of you who complete this conference, you will receive a framed certificate. I hope you will display it proudly at your place of work or at your home. This certificate will be evidence of your interest in cooperatives and not a symbol of complete knowledge of co-ops. I hope the certificate you receive is the beginning of your study of cooperatives.

What's it all about? It's about cooperatives. It's about you. From it all, I hope you will each develop for yourself your set of cooperative principles.